

Technical Exhibit C-5.3.5.3.a
“Arrears of SBP/RSFPP Direct Remittance Costs Letter to Account Holder”

U.S. Department
of Transportation

United States
Coast Guard



COMMANDING OFFICER
USCG HUMAN RESOURCES
SERVICE & INFORMATION CENTER

444 SE QUINCY ST
TOPEKA KS 66683-3591
Staff Symbol: (RAS)
Phone: 1 800 772-8724
Fax: (785) 339-3770

1772

Dear _____ :

We are writing concerning your coverage under the Survivor Benefit Plan (SBP).

When a retired member dies, his/her retired pay stops unless the member has elected coverage under SBP. You elected SBP coverage for your _____ on _____. Under your coverage, in the event of your death, your _____ would receive a monthly SBP annuity of \$ _____. Presently, your monthly cost for SBP is \$ _____.

Most retirees pay the monthly SBP cost via deduction from their retired pay. In your case, however, you are not receiving Coast Guard retired pay since you have waived it to receive pay from the Department of Veterans Affairs (VA). At the time of your waiver, we notified you that you would need to make SBP premium payments directly to us to cover your monthly SBP costs. We have not received regular payments from you and your account is in arrears. We notified you in several letters and on your monthly SBP/RSFPP direct remittance statement, enclosure (1), of the balance of your SBP account. Your present balance owed as of _____ is \$ _____.

You need to take action to resolve this overdue amount. You have the following options:

(1) You may repay this debt by a lump sum payment. If you decide to repay the amount owed in a lump sum, make your check or money order payable to U.S. Coast Guard, enclose a copy of this letter, and mail to:

COMMANDING OFFICER (DC)
COAST GUARD HUMAN RESOURCES
SERVICE & INFORMATION CENTER
444 SE QUINCY ST
TOPEKA KS 66683-3591

(2) You may pay your SBP premiums monthly by credit card. If you wish to pay by credit card, please complete enclosure (2), credit card payment authorization.

(3) You may request to discontinue SBP participation if you are rated by the VA as having a total service connected disability and have held such rating for 10 or more years (or if you have held it continuously since release from active duty and for at least 5 years).

(3) You may elect to send us a check each month, or you can authorize the VA to deduct SBP costs from your monthly compensation. If you wish to pay us directly, please send a check or money order payable to U.S. Coast Guard. You should send us \$ at this time to satisfy your arrearages. Each month, thereafter, send \$ to meet your recurring monthly SBP costs. Mail your payments to the above address.

(4) You may request to discontinue SBP participation if you are rated by the VA as having a total service-connected disability and have held such rating for 10 or more years (or if you have held it continuously since release from active duty and for at least 5 years).

Please read enclosure (4), SBP disenrollment information, concerning this. Complete enclosure (5), withdrawal request, if you desire to discontinue your SBP participation and are qualified to do so. Your SBP debt will be suspended if you discontinue SBP participation, and upon your demise, your widow will be entitled to a refund of any SBP costs that you have previously paid.

(4) You may propose a monthly repayment plan for liquidating your debt with us.

(5) You can take no action in response to this letter. If you do so, under Public Law 99-576, we will ask the VA to involuntarily offset 15 percent of your monthly VA compensation until the debt is collected.

You may request a review of our decisions related to the validity of the debt within the next 30 days. You also have the right to inspect and copy government records related to your indebtedness. If you have any information or documents which affect your debt, you should mail a copy of them along with your request for review to:

COMMANDING OFFICER (RAS)
COAST GUARD HUMAN RESOURCES
SERVICE & INFORMATION CENTER
444 SE QUINCY ST
TOPEKA KS 66683-3591

It is very important that you take action to resolve this \$ debt. If your SBP account is unpaid at the time of your death, we will be unable to pay your an SBP annuity until all past due SBP premiums (plus 6 percent interest) have been collected. This could create severe financial hardships on your .

Please call at 1 800 772-8724, ext. 34 , if you have any questions or would like additional information.

Sincerely,

Military Pay Supervisor
U.S. Coast Guard
By direction

SBP DISENROLLMENT INFORMATION

When a retired member dies, his/her family may be entitled to an annuity from the Coast Guard under the Survivor Benefit Plan (SBP). The family may also be entitled to an annuity called "Dependency Indemnity Compensation (DIC)" from the Department of Veterans Affairs (VA). If the surviving spouse of a retired member becomes entitled to both SBP and DIC, the spouse's SBP annuity will be offset by the amount of the DIC annuity.

The only survivors entitled to an SBP annuity are those whose spouses elected participation in SBP and paid premium costs from retired pay. DIC, however, is a non-contributory program. DIC is payable to: members who die on active duty; members who die after active duty when the cause of death is attributable to an injury or disease incurred while on active duty; and retired members who have been rated as totally disabled by the VA for at least 10 continuous years, or ever since release from active duty and for a minimum of 5 years.

Retired members who fall into this last category are authorized to suspend participation in SBP and thereby stop SBP cost deductions from retired pay. Public Law 96-402 allows this option in view of the fact that the beneficiary's SBP annuity will be significantly offset due to entitlement to DIC. In many cases, DIC is more than SBP and the SBP annuity is totally offset. In your particular case, using today's rates, your surviving spouse's SBP annuity would be \$_____ per month. If you qualify for DIC, the annuity would be \$_____ per month. The net result, if your surviving spouse qualified for DIC, would be that she/he would receive \$_____ DIC and \$_____ SBP per month.

There is a disadvantage to withdrawing from SBP. If a surviving spouse remarries after your demise, any annuity under DIC would stop upon remarriage. SBP annuities, on the other hand, would only stop if your surviving spouse remarried prior to age 55; remarriage after age 55 does not affect the SBP annuity. Additionally, if a surviving spouse's remarriage terminates, an SBP annuity can be reinstated upon termination of the remarriage; DIC annuities, however, cannot be restored upon termination of a surviving spouse's remarriage.

When a retiree withdraws from SBP, no refund of SBP costs previously paid will be made to the retiree. However, upon the death of the retiree, the surviving spouse would receive a refund of all SBP premiums deducted from the retiree's pay.

To request withdrawal from SBP, you and your spouse must both sign a request for withdrawal, and attach to the request for withdrawal a statement from the VA stating that: you have a service-connected disability rated by the VA as totally disabling (100 percent) and that you have suffered from such disability for a continuous period of 10 or more years; or if so rated for a lesser period, you have suffered from such disability for a continuous period of not less than 5 years from the date that your active duty terminated.

Requests for withdrawal from SBP may be canceled within 30 days. Also, a retiree who withdraws from SBP has the right to resume SBP participation at a later date if his/her 100 percent VA disability rating is reduced; requests of this nature must be made within 1 year of the change in VA disability rating. Upon reenrollment, the retiree would be liable for SBP arrearages that were suspended upon disenrollment.

WITHDRAWAL REQUEST

We request withdrawal from the Survivor Benefit Plan (SBP).

We have been advised of the advantages and disadvantages of discontinuing SBP participation.

We have attached to this request a statement from the Department of Veterans Affairs (VA) documenting total VA disability.

Retiree's Signature

Spouse's Signature

Date

Date